

Curriculum Guide
Program Area: Accounting

Standard 1.0 - DEMONSTRATE THE STEPS OF THE ACCOUNTING CYCLE					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
1.1	Explain the purpose of the accounting cycle	Explain the purpose of the accounting cycle	<p>The purpose of the accounting cycle is to process financial information and prepare financials at the end of an accounting period</p> <p>Closing, recording and adjusting are parts of the accounting cycle</p>	<p>Accounting Cycle</p> <p>Closing</p> <p>Recording</p> <p>Adjusting</p>	x
			<p>Explain the purpose of the accounting cycle.</p> <p>Diagram the accounting cycle using a graphic organizer.</p> <p>List the steps of the accounting cycle.</p> <ol style="list-style-type: none"> 1. Source Documents 2. Journalize 3. Post 4. Schedule of Accts. Pay./Rec. 5. Worksheet 6. Financial Statements 7. Journalize Adj. and Closing Entries 8. Post Adj. and Closing Entries 9. Post Closing Trial Balance 	<p>Accounting</p> <p>Accounting system</p> <p>Accounting records</p> <p>Financial statements</p> <p>Journalizing</p> <p>Posting</p>	
1.2	Define terminology related to the accounting cycle	Define terminology related to the accounting cycle	The owner's equity portion of the basic accounting equation	<p>Liabilities</p> <p>Assets</p>	x

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			represents the owners right to the assets after liabilities are met Income statement, and balance sheet are made prior to closing the accounting cycle	Owner's Equity	
			Define terminology related to the accounting cycle. Use terminology from the accounting cycle correctly in a sentence. Define accounting vocabulary related to financial statements. Explain the key accounting concepts affecting businesses.	Sole-proprietorship Partnership Corporation Matching Expenses with Revenue Historical Cost Adequate Disclosure Revenue Realization Consistent Reporting GAAP (Generally Accepted Accounting Principles) FASB (Financial Accounting Standards Board)	
1.3	Demonstrate the fundamental accounting equation	Demonstrate the fundamental accounting equation	The fundamental accounting equation is commonly expressed $\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$ Determine the owner's equity given liabilities and assets		x
			Define terms related to accounting equation.	Asset Equities Liabilities	

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Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>Explain the purpose of the accounting equation.</p> <p>Demonstrate the fundamental accounting equation.</p>	<p>Owner's equity</p> <p>Accounting equation</p>	
1.4	Classify items as assets, liabilities, or equity	Classify items as assets, liabilities, or equity	<p>Prepaid insurance is classified as an asset</p> <p>Identify assets vs. liabilities given a list</p> <p>Accounts receivable are an asset because they generate cash</p>	<p>Prepaid insurance</p> <p>Accounts receivable</p> <p>Accounts payable</p> <p>Owner's capital</p> <p>Notes payable</p>	x
			<p>Define accounting vocabulary related to classifying accounts.</p> <p>Create a poster demonstrating knowledge of the accounting equation</p> <p>Analyze and critique posters.</p> <p>Classify accounts into assets, liabilities or owner's equity.</p>	<p>Asset</p> <p>Equities</p> <p>Liabilities</p> <p>Owner's equity</p> <p>Accounting equation</p> <p>Capital account</p>	
1.5	Determine how equity is affected by revenue, expense, and drawing accounts	Determine how equity is affected by revenue, expense, and drawing accounts	<p>Increase of assets and stockholders' equity impact of revenue</p> <p>Calculate retained earnings</p>	<p>Retained earnings</p> <p>Drawings</p> <p>Revenue</p>	x

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Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>Expenses and drawing reduce the amount of the owner's equity</p> <p>Increase revenue increases an owners equity</p> <p>Drawing and expense accounts temporarily decrease an owner's equity</p>		
			<p>Define accounting terms related to the owner's equity.</p> <p>Demonstrate how owner's equity is affected by revenue, expense, and drawing accounts.</p> <p>Analyze how transactions affect owner's equity.</p> <p>Define accounting vocabulary related to classifying accounts.</p> <p>Classify accounts into revenue, expenses, and cost of goods sold.</p> <p>Explain the effect that revenue, expenses, and cost of goods sold have on the owner's equity.</p>	<p>Sale on account</p> <p>Expense</p> <p>Withdrawals</p> <p>Cost of goods sold</p>	

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Measurement Criteria		Content	Implementation	Terminology	Testing Item
1.6	Practice the double-entry system of accounting	Practice the double-entry system of accounting	<p>Total debits must equal total credits when recording transactions in a journal.</p> <p>The normal balance is on the credit (right) side of revenue account</p> <p>When making a purchase determine where credits and debits are placed</p>	<p>Transaction Journal</p> <p>Accounts payable</p> <p>Debit equipment</p>	x
			<p>Define accounting terms related to analyzing transactions into debit and credit parts.</p> <p>Demonstrate how the T-account is used.</p> <p>Use T-accounts to analyze transactions into debit and credit parts.</p> <p>Analyze how transactions affect owner's equity accounts.</p>	<p>T-account</p> <p>Debit</p> <p>Credit</p> <p>Normal balance</p> <p>Chart of accounts</p>	
1.7	Analyze the effect of business transactions on the basic accounting equation using source documents	Analyze the effect of business transactions on the basic accounting equation using source documents	<p>Read an invoice and determine what accounts would be affected and how</p> <p>If an owner withdraws cash from their business assets and owner equity are impacted</p>		x
			Define terms related to accounting transactions.	<p>Transaction</p> <p>Source document</p>	

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Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>List transactions that affect the accounting equation.</p> <p>Analyze the effect that business transactions have on the basic accounting equation using source documents.</p>		
1.8	Develop the process of journalizing business transactions	Develop the process of journalizing business transactions	<p>The purchasing journal record is used for merchandise bought on an account</p> <p>A cash deposit is posted under cash in a ledger</p>		x
			<p>Define accounting terms related to journalizing transactions.</p> <p>Identify source documents.</p> <p>Analyze and record transactions in a journal.</p> <p>List the four parts of journalizing an entry.</p> <ol style="list-style-type: none"> 1. Date 2. Debit 3. Credit 4. Source Document 	<p>Journal</p> <p>Journalizing</p> <p>Special amount column</p> <p>General amount column</p> <p>Entry</p> <p>Double-entry accounting</p> <p>Source document</p> <p>Check</p> <p>Invoice</p> <p>Sales invoice</p> <p>Receipt</p> <p>Memorandum</p> <p>Calculator Tape</p> <p>Special journals</p>	

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Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>Analyze and record different transactions (buying insurance, buying on account and paying on account) into a journal.</p> <p>Analyze transactions that affect owner's equity and receiving cash on account.</p> <p>Journalize transactions that affect owner's equity and receiving cash on account.</p> <p>Analyze and journalize transactions that affect assets, liabilities, and owner's equity.</p> <p>Prove and rule a journal.</p> <p>Define accounting vocabulary related to special journals.</p> <p>List the type of transaction for each type of special journal.</p>	<p>Sales journal</p> <p>Purchases journal</p> <p>Cash payments journal</p> <p>Cash receipts journal</p>	
1.9	Explain the relationship of the journal to the ledger	Explain the relationship of the journal to the ledger	<p>A journal provides a chronological record of transactions</p> <p>Journals are classified as a daily record of a company's transactions.</p>		X

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Measurement Criteria		Content	Implementation	Terminology	Testing Item
			A ledger is classified as a record of individual accounts		
			Define accounting terms related to posting from a journal to a general ledger. Prepare a chart of accounts. Open an account in a general ledger.		
1.10	Post transactions from the journal to the ledger	Post transactions from the journal to the ledger	Transaction information once it is recorded in a journal is transferred to a ledger The principle purpose of posting is to summarize the effects of journalized transactions in individual accounts A checkmark in the posting reference column indicates the amount is not posted from a journal		X
			Define accounting terms related to posting from a journal to a general ledger. Prepare a chart of accounts. Open an account in a general ledger.	Ledger General ledger Account number File maintenance Opening an account Special journals	

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Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>Post an amount from a general debit column.</p> <p>Post an amount from general credit column.</p> <p>Demonstrate posting column totals for sales column.</p> <p>Demonstrate posting column totals for cash debit column.</p> <p>Demonstrate posting column totals for cash credit column.</p> <p>Apply knowledge of how to post column totals for sales and cash special amount columns.</p> <p>Define accounting vocabulary related to posting to subsidiary ledgers.</p> <p>Post from the purchases journal to the accounts payable ledger.</p> <p>Post from the cash payments journal to the accounts payable ledger.</p>		

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Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>Post from the general journal to the accounts payable.</p> <p>Post from the sales journal to the accounts receivable ledger.</p> <p>Post from the cash receipts journal to the accounts receivable ledger.</p> <p>Create a schedule of accounts receivable.</p> <p>Define accounting vocabulary related to special journals.</p> <p>Post totals from the sales journal to the ledger.</p> <p>Post totals from the purchases journal to the ledger.</p> <p>Post totals from the cash receipts journal to the ledger.</p> <p>Post totals from the cash payments journal to the ledger.</p> <p>Define accounting vocabulary related to correcting entries.</p>		

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Measurement Criteria		Content	Implementation	Terminology	Testing Item
			Journalize correcting entries. Post correcting entries affecting customer accounts.		
1.11	Prepare a trial balance including determining necessary adjustments	Prepare a trial balance including determining necessary adjustments	Given a trial balance determine the equality of the debits and credits Given a trial balance determine adjustments The fifth step in the accounting cycle is the accounting cycle		X
			Define accounting terms related to a worksheet. Prepare a heading and a trial balance. Define accounting terms related to a worksheet's adjustments. Prepare adjustments on a worksheet. Define accounting terms related to a worksheet's income statement and balance sheet columns. Extend balance sheet and income statement account balances.	Fiscal period Worksheet Trial balance Adjustments Balance sheet Income statement Net income Net loss Merchandise inventory Adjusting Entries Matching Expenses with Revenue Accrued interest income Reversing entry Accrued interest expense Adjustments	

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Measurement Criteria		Content	Implementation	Terminology
			<p>Calculate and record net income or net loss.</p> <p>Define accounting vocabulary related to worksheets.</p> <p>List the steps to record a trial balance.</p> <ul style="list-style-type: none"> • Write the account titles of each account in the order they appear in the general ledger. • Write the balance of each account. Amounts are taken from the ledger. • Total, prove, and rule the trial balance columns <p>Record supplies adjustments.</p> <p>Record prepaid insurance adjustment.</p> <p>Define accounting vocabulary related to the merchandise.</p>	Internal Revenue Service (IRS)

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Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>Determine the adjustment for merchandise inventory.</p> <p>Journalize the adjustment for an increase in merchandise inventory.</p> <p>Journalize the adjustment for a decrease in merchandise inventory.</p> <p>Define accounting vocabulary related to recording adjusting entries.</p> <p>Record adjusting entries in the general journal.</p> <p>Define accounting vocabulary related to accrued expenses.</p> <p>Record adjustment for accrued interest.</p> <p>Journalize reversing entry for interest expense.</p> <p>Journalize paying a note payable.</p> <p>Define accounting vocabulary related to accrued revenue.</p>		

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Standard 1.0 - DEMONSTRATE THE STEPS OF THE ACCOUNTING CYCLE					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>Record adjustment for accrued interest income.</p> <p>Journalize reversing entry for interest income.</p> <p>Journalize collecting a note receivable.</p> <p>Define accounting vocabulary related to end of fiscal period procedures.</p> <p>Explain the purpose of a worksheet.</p> <p>Plan the adjustments for the worksheet.</p> <p>Complete a worksheet.</p>		
1.12	Prepare financial statements	Prepare financial statements	<p>An income statement presents the revenue and expenses for a specific period of time</p> <p>A balance sheet is based on the accounting equation</p> <p>90 days same as cash is recorded as current assets</p>		X

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Standard 1.0 - DEMONSTRATE THE STEPS OF THE ACCOUNTING CYCLE					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			Revenue and expenses belong in the income statement		
			<p>Define accounting terms related to an income statement.</p> <p>Prepare an income statement for a service business.</p> <p>List the parts of a balance sheet. Prepare the heading for a balance sheet.</p> <p>Prepare a balance sheet for a service business.</p> <p>Define accounting vocabulary related to the worksheet.</p> <p>Extend balances to the balance sheet and income statement columns.</p> <p>Complete a worksheet.</p> <p>Define accounting vocabulary related to income statements.</p> <p>Complete the revenue section of an income statement.</p>	<p>Balance sheet</p> <p>Income statement</p> <p>Adequate disclosure</p> <p>Consistent reporting</p> <p>Net sales</p> <p>Cost of merchandise sold</p> <p>Historical cost</p> <p>Gross profit on sales</p>	

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Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>Complete the cost of merchandise sold section of an income statement.</p> <p>Complete an income statement for a merchandising business.</p>		
1.13	Explain the purposes of the closing process	Explain the purposes of the closing process	<p>The purpose of the closing process is to transfer balances in the temporary accounts to the owner's capital account</p> <p>The closing process temporarily returns the balances to zero for the next fiscal period</p> <p>The purpose of closing entries is to prepare accounts for the trail balance, transfer net income for the period to capital and to reduce temporary accounts to zero</p>	Closing Process Fiscal	X
			<p>Define accounting vocabulary related to adjusting entries.</p> <p>Record adjusting entries for a business.</p> <p>Explain the purpose of adjusting entries</p>	<p>Adjusting entries</p> <p>Closing entries</p> <p>Permanent accounts</p> <p>Temporary accounts</p> <p>Reversing entries</p>	

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Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>Define accounting vocabulary related to closing entries.</p> <p>Record closing entries for a business.</p> <p>Explain the purpose of closing entries.</p> <p>Define accounting vocabulary related to recording closing entries.</p> <p>Record closing entries for accounts with credit balances.</p> <p>Record closing entries for accounts with debit balances.</p> <p>Record closing entry for income summary account.</p> <p>Record closing entry for dividends. Define accounting vocabulary related to journal entries.</p> <p>Journalize adjusting entries.</p> <p>Journalize closing entries.</p> <p>Journalize reversing entries.</p>		

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Measurement Criteria		Content	Implementation	Terminology	Testing Item
1.14	Prepare a post-closing trial balance	Prepare a post-closing trial balance	<p>A permanent account will appear in the post-closing trial balance</p> <p>After adjusting and closing entries have been posted a post-closing trial balance sheet must be prepared</p> <p>Equipment, accounts payable, and accounts receivable are included in a post-closing trial balance</p>		X
			<p>Define accounting vocabulary related to post-closing trial balance.</p> <p>Prepare a post-closing trial balance for a business.</p> <p>Create a post-closing trial balance.</p> <p>List the steps in the accounting cycle for a merchandising business.</p> <ol style="list-style-type: none"> 1. Check source documents 2. Journalize transaction 3. Post in ledger 4. Prepare schedule of accts. payable/receivable 5. Create a worksheet 6. Financial Statements 7. Journalize Adjusting + Closing Entries 	<p>Post-closing trial balance</p> <p>Accounting cycle</p>	

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Measurement Criteria		Content	Implementation	Terminology	Testing Item
			8. Post Adjusting and Closing Entries 9. Post-Closing Trial Bal.		

2.0 - GENERATE PROCEDURES FOR CASH CONTROL					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
2.1	Define petty cash	Define petty cash	Identify appropriate purchases out of petty cash such as stamps Explain how to journal entry petty cash given a scenario	Petty Cash	x
			Define accounting vocabulary related to petty cash. Complete the procedures to manage a checking account.	Petty Cash Slip	
2.2	Complete check stubs or register manually and using computerized systems	Complete check stubs or register manually and using computerized systems	Read and calculate information from a check stub		x

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2.0 - GENERATE PROCEDURES FOR CASH CONTROL					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			The date, amount, payable to and purpose are needed to complete a check stub		
			<p>Define accounting vocabulary related to checking accounts.</p> <p>Prepare deposit slips, check stubs, and checks for a business.</p> <p>Define accounting vocabulary related to electronic banking.</p> <p>Record and journalize a dishonored check.</p> <p>Journalize an electronic funds transfer.</p> <p>Journalize a debit card transaction.</p> <p>Complete the procedures to manage a checking account.</p>	<p>Checking Account</p> <p>Endorsement</p> <p>Blank Endorsement</p> <p>Special Endorsement</p> <p>Restrictive Endorsement</p> <p>Postdated Check</p> <p>Dishonored check</p> <p>Electronic funds transfer</p> <p>Debit card</p>	
2.3	Enter appropriate data on a deposit slip	Enter appropriate data on a deposit slip	<p>Read a given check stub to determine number of deposits and calculate total amount deposited</p> <p>Read a deposit slip and identify where the number of checks being deposited is placed</p>	Routing number	X

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2.0 - GENERATE PROCEDURES FOR CASH CONTROL					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			Identify the routing number on a check		
			Define accounting vocabulary related to checking accounts. Prepare deposit slips, check stubs, and checks for a business. Complete the procedures to manage a checking account.		
2.4	Reconcile a bank statement	Reconcile a bank statement	Outstanding checks are deducted from the bank statement side of reconciliation Outstanding checks, math errors, outstanding deposits, and service charges can cause a difference in the amount between a bank statement and a depositor's records		x
			Define accounting vocabulary related to bank statements. Prepare a reconciliation of a bank statement. Record and journalize a bank service charge.	Bank statement	
2.5	Establish procedures for managing and reconciling petty	Establish procedures for managing and reconciling petty	A voucher must support payments made from a petty cash fund		x

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2.0 - GENERATE PROCEDURES FOR CASH CONTROL					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
	cash manually and using computerized systems	cash manually and using computerized systems	<p>A cash account is used to replenish petty cash</p> <p>The first step is to collect all receipts when reconciling petty cash</p>		
			<p>Define accounting vocabulary related to petty cash.</p> <p>Journalize establishment of the petty cash fund.</p> <p>Fill out a petty cash slip.</p> <p>Replenish the petty cash fund.</p> <p>Complete the procedures to manage a checking account.</p>		

3.0 - DETERMINE PROCEDURES FOR ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
3.1	Establish and maintain the accounts receivable subsidiary ledger	Establish and maintain the accounts receivable subsidiary ledger	An accounts received ledger should: have a separate account for each customer, have all customer account balances equal to the balance in accounts received, and use subsidiary ledgers which are organized		X

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3.0 - DETERMINE PROCEDURES FOR ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			To verify the accuracy of an accounts receivable controlling account total all account balances in the accounts receivable subsidiary ledger and check to see if it matches		
			Define accounting vocabulary related to uncollectible accounts. Estimate uncollectible accounts expense. Record uncollectible accounts expense. Define accounting vocabulary related to writing off an account. Journalize and post writing off an uncollectible account. Reopen account previously written off. Define accounting vocabulary related to accounts receivable. Calculate the accounts receivable turnover ratio for a company.	Uncollectible accounts Allowance method Writing off an account Accounts receivable turnover ratio Controlling account	

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3.0 - DETERMINE PROCEDURES FOR ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>Compare uncollectible accounts to the mortgage crisis of 2007-2010.</p> <p>Create the appropriate graph to display an item as a percentage of a whole.</p> <p>Analyze the graph to answer key questions.</p>		
3.2	Process sales orders and invoices	Process sales orders and invoices	<p>A sales invoice includes: goods or services, quantity and price</p> <p>When an error in quantity is discovered in an incoming shipment the discrepancy should be noted and sent to the accounting department</p> <p>Customer invoices are recorded in a sales journal</p>		X
3.3	Process customer payments	Process customer payments	<p>Calculate terms given a situation (terms 2/10 and N/30 what would be the discount given if paid in 10 days)</p> <p>Payments on an account from a customer records are recorded in a cash receipts journal</p>		X

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3.0 - DETERMINE PROCEDURES FOR ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			Cash, accounts receivable, sales discounts are affected by processing customer payments		
			<p>Define accounting vocabulary related to sales.</p> <p>Process invoices for payment.</p> <p>Journalize a sale on account.</p> <p>Define accounting vocabulary related to the cash receipts journal.</p> <p>Process receiving "cash on account" from a customer.</p> <p>Process receiving "cash on account" from a customer with a sales discount.</p> <p>Process receipt of cash from cash and credit card sales.</p> <p>Prove cash at the end of the month.</p> <p>Define accounting vocabulary related to the sales returns.</p> <p>Process a sales return.</p>	<p>Cash sale</p> <p>Credit card sale</p> <p>Point of sale terminal</p> <p>Terminal summary</p> <p>Cash receipts journal</p> <p>Sales discount</p>	

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3.0 - DETERMINE PROCEDURES FOR ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
3.4	Analyze accounts receivable using an aging schedule to determine doubtful accounts	Analyze accounts receivable using an aging schedule to determine doubtful accounts	<p>A/R scheduling is needed to estimate the percentage of uncollectable accounts</p> <p>Cash receipts and general accounts are impacted by the collection of written off accounts</p> <p>A company determine the amount of doubtful accounts receivable to prevent assets from being overstated</p>	<p>Written off accounts</p> <p>A/R scheduling</p> <p>Uncollectable accounts</p>	X
			<p>Define accounting vocabulary related to uncollectible accounts.</p> <p>Estimate uncollectible accounts expense.</p> <p>Record adjustment for uncollectible accounts expense.</p>	<p>Allowance method</p> <p>Book value of accounts receivable</p>	
3.5	Establish and maintain the accounts payable subsidiary ledger	Establish and maintain the accounts payable subsidiary ledger	<p>Vendor name, Vendor number, posting references and amounts are found in the accounts payable ledger</p> <p>Accounts payable subsidiary accounts agree with the controlling account</p>		X

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3.0 - DETERMINE PROCEDURES FOR ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>An accounts receivable subsidiary ledger shows the customers updated balance</p> <p>A controlling account has a balance that equals the total of all account balances in a subsidiary ledger</p>		
			<p>Define accounting vocabulary related to posting to subsidiary ledgers.</p> <p>Post from the purchases journal to the accounts payable ledger.</p> <p>Post from the cash payments journal to the accounts payable ledger.</p> <p>Post from the general journal to the accounts payable.</p> <p>Create a schedule of accounts payable.</p> <p>Post from the sales journal to the accounts receivable ledger.</p> <p>Post from the cash receipts journal to the accounts receivable ledger.</p>	<p>Subsidiary ledger</p> <p>Accounts payable ledger</p> <p>Controlling account</p> <p>Schedule of accounts payable</p> <p>Accounts receivable ledger</p> <p>Schedule of accounts receivable</p>	

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3.0 - DETERMINE PROCEDURES FOR ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			Create a schedule of accounts receivable.		
3.6	Maintain vendor files	Maintain vendor files	<p>An accountant must compare a Schedule of Accounts Payable and a general ledger balance of accounts payable to verify accuracy of accounts payable</p> <p>A vendor statement must have the vendor's name, vendor's number, description and date for a vendor file.</p> <p>A vendor file may be assigned an account number, have separate ledgers and are alphabetized</p>		X
3.7	Process invoices for payment	Process invoices for payment	<p>A sales invoice is used as a source document for recording a sale on an account</p> <p>Given a situation, calculate payments</p> <p>An accounting clerk needs the purchase invoice, date, terms of sale, quantity, price, description, and total amount to analyze a purchase on an account</p>		X

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3.0 - DETERMINE PROCEDURES FOR ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>Define accounting vocabulary related to purchases.</p> <p>List the different special journals.</p> <ul style="list-style-type: none"> • Purchases journal • Cash payments journal • Sales journal • Cash receipts journal • General journal <p>Process invoices for payment.</p> <p>Journalize a purchase on account.</p> <p>Total and rule a purchases journal.</p> <p>Total and rule a cash payments journal and start a new page.</p> <p>Define accounting vocabulary related to sales.</p> <p>Process invoices for payment.</p> <p>Journalize a sale on account.</p>	<p>Merchandise</p> <p>Merchandising Business</p> <p>Special Journal Cost of Merchandise Markup</p> <p>Purchase Invoice</p> <p>Vendor</p> <p>Purchases Journal</p> <p>Customer</p> <p>Sales tax</p> <p>Sales invoice</p> <p>Sales journal</p>	
3.8	Journal and reconcile credit card statements	Journal and reconcile credit card statements			X
3.9	Process accounts payable checks	Process accounts payable checks	Given a situation calculate account payable checks		X

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3.0 - DETERMINE PROCEDURES FOR ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>The process used to record an accounts payable check is debit accounts payable; credit cash</p> <p>A journal entry for a payment on an account with a sales discount if 2% is debit account payable, credit cash, credit sales discount</p>		
			<p>Define accounting vocabulary related to cash payments journal.</p> <p>Journalize cash payments in the cash payments journal.</p> <p>Journalize cash payment on account with purchases discount.</p> <p>Total and rule a purchases journal.</p> <p>Total and rule a cash payments journal and start a new page.</p>	<p>Cash payments journal</p> <p>Purchases discount</p> <p>List price</p> <p>Trade discount</p>	
3.10	Explain the relationship of subsidiary ledgers	Explain the relationship of subsidiary ledgers	<p>Accounts payable; is the controlling account in the general ledger that summarizes the individual vendors accounts</p> <p>A subsidiary ledger is related to the general ledger: the total of the accounts in the subsidiary ledger</p>		X

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3.0 - DETERMINE PROCEDURES FOR ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			equals the controlling account in the general ledger		
3.11	Analyze accounts payable using an aging schedule	Analyze accounts payable using an aging schedule			X

4.0 - DETERMINE PAYROLL					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
4.1	Prepare and journal payroll records using manual and computerized systems	Prepare and journal payroll records using manual and computerized systems	<p>Calculate an employee earnings record when given a sample</p> <p>A payroll register is prepared each time the business prepares payroll</p> <p>An Employee earnings record is used to prepare an employee W-2 form</p>	W-2 Form	X
			<p>Define accounting vocabulary related to payroll records.</p> <p>Fill out a payroll register.</p> <p>Fill out an employee earnings record.</p> <p>Prepare a check for total net pay of all employees.</p>	<p>Payroll Register</p> <p>Net Pay</p> <p>Employee Earnings Record</p> <p>W-3 Form</p> <p>941 Form</p>	

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4.0 - DETERMINE PAYROLL					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>Prepare employee's payroll checks.</p> <p>Define accounting vocabulary related to employer's reporting withholding and payroll taxes.</p> <p>Describe the purpose of a W-2 form.</p> <p>Describe the purpose of a W-3 Form.</p> <p>Prepare a 941 form.</p> <p>Journalize payment of liability for employee income tax, social security tax and Medicare tax.</p> <p>Journalize payment of liability for federal unemployment tax.</p> <p>Journalize payment of liability for state unemployment tax.</p>		
4.2	Calculate earnings for various methods of compensation (commissions, hourly, and salary)	Calculate earnings for various methods of compensation (commissions, hourly, and salary)	<p>Calculate commission, overtime, given a situation</p> <p>Calculate pay given a situation</p> <p>Calculate annual salary to biweekly pay</p>	Commission Bi-weekly	x

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4.0 - DETERMINE PAYROLL					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			Define accounting vocabulary related to payroll. Calculate employee hours worked. Calculate employee total earnings.	Salary Pay Period Payroll Total Earnings	
4.3	Compute employee deductions to determine net pay	Compute employee deductions to determine net pay	Calculate tax withholdings given a situation Calculate net earnings Federal income tax, health insurance and 401k investments all may be employee payroll deductions	Withholding Net earnings	X
			Define accounting vocabulary related to payroll taxes. Fill out a W-4 form. Determine an employee's income tax withholding. Determine an employee's social security and Medicare tax deductions. Define accounting vocabulary related to payroll.	Payroll Taxes Withholding Allowance Social Security Tax Medicare Tax Federal Income Tax W-4	

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4.0 - DETERMINE PAYROLL					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>Create the appropriate graph to display two parts in a stacked bar graph.</p> <p>Analyze the graph to answer key questions.</p>		
4.4	Calculate employer's payroll taxes	Calculate employer's payroll taxes	<p>Unemployment tax is paid only by the employer</p> <p>Federal income tax is NOT the responsibility of the employer</p> <p>Calculate unemployment tax given a situation</p> <p>Using an employee earnings records identify federal taxes, state tax, Medicare, social security and net pay</p>		X
			<p>Define accounting vocabulary related to employer's payroll.</p> <p>Journalize payment of payroll.</p> <p>Calculate employer payroll taxes.</p> <p>Journalize employer payroll taxes.</p>	<p>Tax deductible</p> <p>Federal unemployment tax</p> <p>State unemployment tax</p>	
4.5	Prepare basic federal payroll forms (940, 941)	Prepare basic federal payroll forms (940, 941)	Identify what quarter it is based on a given date		X

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4.0 - DETERMINE PAYROLL					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>The employee and employer pay social security tax and Medicare</p> <p>A W-2 contains a person's social security number, total wages, and federal taxes withheld</p> <p>The Electronic Federal Tax Payment System has been developed to assist businesses in paying taxes with speed and accuracy</p> <p>The 941 is used to report quarterly employee payroll taxes</p>		

5.0 - EVALUATE ASSETS, LIABILITIES, AND EQUITY					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
5.1	Define and use terminology related to assets and liabilities	Define and use terminology related to assets and liabilities	<p>A business buying paper, toner, file folders etc. on credit from vendors is recorded as an accounts payable</p> <p>Furniture and fixtures are classified as long-term investments in the balance sheet</p>	Current asset	

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5.0 - EVALUATE ASSETS, LIABILITIES, AND EQUITY					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			Rights or claims on the properties owed to a creditor are classified as liabilities		
			<p>Define terms related to assets</p> <p>Illustrate which accounts are in the category of assets</p> <p>Create accounting equation poster</p> <p>Define terms related to liabilities and owner's equity.</p> <p>Describe which accounts are in the categories of liabilities and owner's equity.</p>	<p>Account</p> <p>Account Title</p> <p>Account Balance</p> <p>Cash</p> <p>Supplies</p> <p>Prepaid Insurance</p> <p>Transaction</p> <p>Accounts Payable</p> <p>Capital Account</p>	
5.2	Explain the purposes of notes receivable	Explain the purposes of notes receivable	<p>The difference between a note receivable and accounts receivable is that a notes receivable has a signed promissory note</p> <p>Calculate interest on a promissory note given a situation</p>	Note receivable	x
			<p>Define accounting vocabulary related to notes.</p> <p>Calculate the interest and maturity value on a promissory note.</p>	<p>Promissory note</p> <p>Principle</p> <p>Interest</p> <p>Interest rate</p> <p>Creditor</p> <p>Payee</p> <p>Maturity value</p>	

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5.0 - EVALUATE ASSETS, LIABILITIES, AND EQUITY					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>Define accounting vocabulary related to notes receivable.</p> <p>Journalize accepting a note from a customer.</p> <p>Journalize collecting a note receivable from a customer.</p> <p>Define accounting vocabulary related to debt.</p> <p>Graph CD rates from different banks.</p> <p>Compare debt on financial statements of businesses from different industries.</p>	<p>Maturity date</p> <p>Notes receivable</p> <p>Interest income</p> <p>Certificate of deposit (cd)</p>	
5.3	Maintain inventory records	Maintain inventory records	A perpetual inventory keeps a constant up-to date record of merchandise on hand	<p>Inventory</p> <p>Packing slip</p>	x
			<p>Define accounting vocabulary related to inventory.</p> <p>Describe the difference between a periodic and a perpetual inventory.</p> <p>Define accounting vocabulary related to inventory management.</p>	<p>Inventory turnover ratio</p> <p>Periodic inventory</p> <p>Perpetual inventory</p> <p>Universal Product Code (UPC)</p>	

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5.0 - EVALUATE ASSETS, LIABILITIES, AND EQUITY					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>List the issues with having too much or too little inventory.</p> <p>Calculate inventory turnover ratios.</p>		
5.4	Apply inventory costing procedures (FIFO, LIFO, and weighted average)	Apply inventory costing procedures (FIFO, LIFO, and weighted average)	<p>Using the LIFO inventory method determine the value of inventory given a situation</p> <p>Using the FIFO inventory method determine the amount allocated to cost of goods sold given a situation</p> <p>Using the Weighted Average Cost Method determine the average cost per unit given a situation</p>	<p>LIFO inventory method</p> <p>FIFO inventory</p> <p>Weighted Average Cost Method</p>	X
			<p>Define accounting vocabulary related to inventory costing methods.</p> <p>Calculate cost of inventory with LIFO, FIFO, and weighted average methods.</p> <p>Define accounting vocabulary related to inventory methods.</p> <p>Estimate cost of inventory using the gross profit method.</p>	<p>FIFO (First in First out) inventory costing method</p> <p>LIFO (Last in First out) inventory costing method</p> <p>Weighted average inventory costing method</p> <p>Gross profit method of estimating inventory</p>	

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5.0 - EVALUATE ASSETS, LIABILITIES, AND EQUITY					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
5.5	Compute the cost basis of assets	Compute the cost basis of assets	<p>Calculate the cost of an item given a scenario</p> <p>The assessed value is used to determine property taxes</p> <p>The book of value of accounts receivable is accounts receivable minus allowance for uncollectable accounts</p>		X
5.6	Calculate depreciations	Calculate depreciations	<p>Using the straight line method calculate the depreciation of an item given a situation</p> <p>MACRS deprecation method dos not consider salvage value</p>	<p>Straight line method</p> <p>Production Unit method</p>	X
			<p>Define accounting vocabulary related to depreciation.</p> <p>Determine if assets are current assets or plant assets.</p> <p>Calculate depreciation expense.</p> <p>Record adjustment for depreciation expense.</p>	<p>Current assets</p> <p>Plant assets</p> <p>Depreciation expense</p> <p>Estimated salvage value</p> <p>Accumulated depreciation</p> <p>Book value of a plant asset</p> <p>straight-line method of depreciation</p> <p>Original cost</p> <p>Estimated salvage value</p> <p>Estimated useful life</p> <p>book value of a plant asset</p>	

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5.0 - EVALUATE ASSETS, LIABILITIES, AND EQUITY					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>Journalize the buying of a plant asset.</p> <p>Define accounting vocabulary related to calculating depreciation.</p> <p>Calculate depreciation expense using the straight-line method.</p> <p>Calculate accumulated depreciation.</p> <p>Define accounting vocabulary related to plant assets.</p> <p>Journalize depreciation expense.</p> <p>Post depreciation expense.</p> <p>Define accounting vocabulary related to disposing plant assets.</p> <p>Journalize sale of plant asset for book value.</p> <p>Journalize sale of plant asset for more than book value.</p>	<p>Gain on plant assets loss on plant assets</p> <p>Declining balance method of depreciation</p>	

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5.0 - EVALUATE ASSETS, LIABILITIES, AND EQUITY					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>Journalize sale of plant asset for less than book value.</p> <p>Calculate depreciation using double-declining method.</p> <p>Compare the straight-line method to the double-declining method.</p>		
5.7	Identify internal controls used to protect assets from loss, waste, theft, forgery, and embezzlement	Identify internal controls used to protect assets from loss, waste, theft, forgery, and embezzlement	<p>A vendor is responsible for merchandise lost in transit if the shipping terms are FOB destination</p> <p>Physical inventory control is the most effective method of controlling unaccounted loss of inventory</p> <p>Auditing records, annual budgets and insurance all protect assets from loss, theft, forgery, and embezzlement</p>	Auditors FOB destination	X
5.8	Determine current and long-term liabilities and assets	Determine current and long-term liabilities and assets	<p>A mortgage is a long-term liability</p> <p>Land is a long-term asset</p> <p>Accounts receivable accounts are considered a current asset during the normal operating cycle because it is converted to cash</p>	Liquid	X

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5.0 - EVALUATE ASSETS, LIABILITIES, AND EQUITY					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			Current assets listed above long-term assets in the chart of accounts are more liquid		
			Define accounting vocabulary related to notes payable. Journalize signing a note payable. Journalize paying a note payable.	Current liabilities Notes payable	
5.9	Apply revenue realization and matching principles to an income statement for service and merchandising businesses	Apply revenue realization and matching principles to an income statement for service and merchandising businesses	Using the accrual basis of accounting records the sales when it is made Using the Cash basis of accounting interest is earned on notes receivable is recorded in receipt of payment	Accrual basis of accounting Cash basis of accounting Matching Principle	X
5.10	Determine cost of goods sold and gross profit for merchandising and manufacturing businesses	Determine cost of goods sold and gross profit for merchandising and manufacturing businesses	Read an income statement and identify the cost of merchandise sold, the gross profit of sales, operating income, and net income Calculate profit given a situation		X

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6.0 - DEMONSTRATE AN UNDERSTANDING OF BASIC BUSINESS, ECONOMIC, AND FINANCIAL MANAGEMENT PRACTICES					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
6.1	Describe basic methods used to organize accounting records and information	Describe basic methods used to organize accounting records and information	<p>In charts of accounts assets are typically listed in order of liquidity</p> <p>Given a box of receipts from a business the first step to organizing records is to determine expenses and income</p>		X
			<p>Define accounting vocabulary related to the correcting entries.</p> <p>Journalize a correcting entry.</p>	Correcting entries	
6.2	Review a budget based on an enterprise's business plan	Review a budget based on an enterprise's business plan	<p>The purpose of a budget report is to examine and adjust current business decisions</p> <p>Calculate gross profit given a situation</p> <p>A company's business plan should be reviewed periodically to ensure that a business operations are aligned with the budget</p>		X
			Define accounting vocabulary related to budgets.	Budget	

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6.0 - DEMONSTRATE AN UNDERSTANDING OF BASIC BUSINESS, ECONOMIC, AND FINANCIAL MANAGEMENT PRACTICES					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>Explain the importance of creating and reviewing budgets.</p> <p>Review the budget for an accounting enterprise.</p>		
6.3	Review an income statement for an enterprise	Review an income statement for an enterprise	<p>An income statement should include cost of goods sold</p> <p>Rent, utilities, depreciation and salaries are considered expenses</p> <p>Calculate the percentage of net sales from net income given a situation</p> <p>In a departmental accounting system each department calculates gross profit</p> <p>Component percentages are used to determine if a business is operating within acceptable limits</p>	<p>Departmental accounting system</p> <p>Component percentages</p>	x
			<p>Define accounting terms related to an income statement.</p> <p>Prepare an income statement for a service business.</p>	<p>Income statement</p> <p>Component percentage</p>	

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6.0 - DEMONSTRATE AN UNDERSTANDING OF BASIC BUSINESS, ECONOMIC, AND FINANCIAL MANAGEMENT PRACTICES					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>Review an income statement for an accounting enterprise.</p> <p>Explain the uses of an income statement.</p> <p>Analyze the income statement for acceptable component percentages.</p> <p>Label the parts of an income statement.</p>		
6.4	Review a balance sheet for an enterprise	Review a balance sheet for an enterprise	<p>A balance sheet used assets and liabilities to show a business' financial position</p> <p>Find an error on a balance sheet given a sample balance sheet</p>		x
			<p>List the parts of a balance sheet.</p> <p>Prepare the heading for a balance sheet.</p> <p>Prepare a balance sheet for a service business.</p>	<p>Balance sheet</p> <p>Work sheet</p> <p>Working capital</p> <p>Current ratio</p>	

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6.0 - DEMONSTRATE AN UNDERSTANDING OF BASIC BUSINESS, ECONOMIC, AND FINANCIAL MANAGEMENT PRACTICES					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>Define accounting vocabulary related to financial statements.</p> <p>Review a balance sheet for an accounting enterprise. Define accounting vocabulary related to balance sheets.</p> <p>Label the sections of a balance sheet.</p> <p>Analyze the condition of a business based upon its balance sheet.</p>		
6.5	Interpret financial information for decision making and planning	Interpret financial information for decision making and planning	<p>A unit of measurement states that a transaction must use a common value of US dollars</p> <p>A business has a net loss if the financial statement for the year shows an increase in expenses but revenue is under 100% of expense</p> <p>Two ways to increase net income is to increase net sales and decrease the cost of goods sold</p> <p>Increasing working capital can be done by decreasing current</p>	Adequate disclosure	X

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6.0 - DEMONSTRATE AN UNDERSTANDING OF BASIC BUSINESS, ECONOMIC, AND FINANCIAL MANAGEMENT PRACTICES					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			liabilities, increasing capital stock and increasing accounts receivable Read an income statement to identify the percentage of total expenses of revenue Calculate foreign currency given the exchange rate Explain how foreign currency rates impact profit		
6.6	Monitor and adjust business operations based on financial performance	Monitor and adjust business operations based on financial performance	A current ratio measures the ability of the business to meet cash needs Calculate the return on sales given a situation Calculate percentages given various situation (transportation costs, salaries) Allocating people, planning and operational control are functions of a budget		X

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6.0 - DEMONSTRATE AN UNDERSTANDING OF BASIC BUSINESS, ECONOMIC, AND FINANCIAL MANAGEMENT PRACTICES

Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>A budget plan budget could help a business owner determine human resources need the first year of operation</p> <p>Budgeting is an important to help recognize problems and remedy them, allow for action to be taken if actual figures are far greater that projected figures and allows for comparison of budgeted amounts</p> <p>Participatory budgeting is known as bottom-up budgeting</p> <p>Setting company goals is the first step in budget preparation</p>		
6.7	Describe the impact of quality business communications on the success of an enterprise	Describe the impact of quality business communications on the success of an enterprise	<p>Employee morale occurs with poor communication practices</p> <p>Poor communication can lead to decrease in stock value</p>		x
6.8	Manage customer relations	Manage customer relations	Purchaser reward programs can build customer loyalty		x

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6.0 - DEMONSTRATE AN UNDERSTANDING OF BASIC BUSINESS, ECONOMIC, AND FINANCIAL MANAGEMENT PRACTICES					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			Building clientele is important to secure dependable business A reminder letter can be sent on delinquent accounts Given a situation handle customer complaints		
			Define accounting vocabulary related to customer relations. Explain the importance of quality customer relations.	Communicate Retention Differentiate	
6.9	Explain the role of insurance in managing risk	Explain the role of insurance in managing risk	Businesses should purchase insurance in the vent of fire, thefts or floods	Workman's compensation Liability	x
			Define accounting vocabulary related to insurance. Explain why it is important for businesses to purchase insurance. Describe the different insurance needs of a business.	Policy Premium Deductible Claim Federal unemployment tax State unemployment tax FICA	
6.10	Explain the role of accounting in support of the five functions of management (planning,	Explain the role of accounting in support of the five functions of management (planning,	The management function that determines is an organization is progressing is Controlling		x

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6.0 - DEMONSTRATE AN UNDERSTANDING OF BASIC BUSINESS, ECONOMIC, AND FINANCIAL MANAGEMENT PRACTICES

Measurement Criteria		Content	Implementation	Terminology	Testing Item
	organizing, directing, staffing, and controlling) and related decision making	organizing, directing, staffing, and controlling) and related decision making	<p>The management function that identifies a market trend that suggests a new opportunity and devises a strategy to pursue that opportunity is Planning</p> <p>Directing, guiding and coaching is part of the Directing function</p> <p>Accounting supports the planning function</p> <p>Balance sheets, Income statements and Cost analysis are all used in management decisions</p>		
6.11	Define the differences among service, merchandising, and manufacturing businesses	Define the differences among service, merchandising, and manufacturing businesses	<p>A services business would NOT have merchandise</p> <p>Manufacturing companies use raw materials to create a final product</p> <p>In AZ service business are not required to pay sales taxes</p>		x
			Define accounting vocabulary related to different business types.	Service business Merchandising business Manufacturing business	

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6.0 - DEMONSTRATE AN UNDERSTANDING OF BASIC BUSINESS, ECONOMIC, AND FINANCIAL MANAGEMENT PRACTICES

Measurement Criteria		Content	Implementation	Terminology	Testing Item
			Explain the differences between service, merchandising and manufacturing businesses.		

7.0 - APPRAISE COMPONENTS OF BUSINESS OPERATIONS

Measurement Criteria		Content	Implementation	Terminology	Testing Item
7.1	Explain GAAP (Generally Accepted Accounting Principles) and other basic accounting methods	Explain GAAP (Generally Accepted Accounting Principles) and other basic accounting methods	<p>The group of people who issue GAAP (Generally Accepted Accounting Principles) is FASB (Financial Accounting Standards Board)</p> <p>GAAP provides consistency, they do not guarantee profit</p> <p>A business owners cash investment impacts Debit Cash and Credit Capital</p> <p>A business owner purchases a large piece of office equipment with personal funds item the journal entry s Debit Office Equipment Credit capital</p>	<p>Going Concern</p> <p>GAAP</p> <p>FASB</p> <p>Capital</p>	x

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7.0 - APPRAISE COMPONENTS OF BUSINESS OPERATIONS					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
7.2	Differentiate between taxation at the personal and business level	Differentiate between taxation at the personal and business level	<p>Business taxes are paid quarterly and individuals file income taxes annually</p> <p>Small business sales tax payment schedules generally are monthly payments</p> <p>Both businesses and individuals are responsible for social security and Medicare</p> <p>Inventory taxes are only aid by business</p>		x
			<p>Define accounting vocabulary related to payroll taxes.</p> <p>Fill out a W-4 form.</p> <p>Determine an employee's income tax withholding.</p> <p>Determine an employee's social security and Medicare tax deductions.</p> <p>Define accounting vocabulary related to employer's payroll.</p>		

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7.0 - APPRAISE COMPONENTS OF BUSINESS OPERATIONS					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			Differentiate between taxation at the personal and business level. Calculate employer payroll taxes. Journalize employer payroll taxes.		
7.3	Explain the purpose of the capital and drawing accounts for a sole proprietorship and partnership	Explain the purpose of the capital and drawing accounts for a sole proprietorship and partnership	A Capital account is used to summarize the owners' equity in a sole proprietorship A drawing account is debited when an owner takes money out	Owners' Withdrawal	x
			Explain purpose of capital and drawing accounts. Demonstrate how owner's equity is affected by revenue, expense, and drawing accounts.		
7.4	Explain the purpose of various accounts (common stock, preferred stock, paid-in capital, retained earnings, and dividends for a corporation)	Explain the purpose of various accounts (common stock, preferred stock, paid-in capital, retained earnings, and dividends for a corporation)	Retained earnings represents net income that is earned and kept by the company and not yet distributed to stakeholders	Retained earnings	x
			Define accounting vocabulary related to analyzing financial ratios. Calculate financial ratios.	Financial ratio Earnings per share Price to earnings ratio Statement of stockholders' equity Par value Common stock	

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7.0 - APPRAISE COMPONENTS OF BUSINESS OPERATIONS					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>Explain the implications of financial ratios that have been calculated</p> <p>Define accounting vocabulary related to preparing a statement of stockholders' equity.</p> <p>Complete a statement of stockholders' equity.</p> <p>Explain the purpose of common stock, preferred stock, paid-in capital, retained earnings and dividends for a corporation.</p>	<p>Preferred stock</p> <p>Paid-in capital</p> <p>Dividends</p>	
7.5	Identify three basic types of business funding (operating, investing, and financing)	Identify three basic types of business funding (operating, investing, and financing)	<p>Issuing stocks and long-term borrowing are considered financing</p> <p>Three types of basic business activities are operating, investing and financing</p> <p>Gross profit is located on the income statement</p> <p>Business failure applies to common stock preferred stock, and corporate bonds</p> <p>Calculate Price Earning Ratios given a situation</p>		

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7.0 - APPRAISE COMPONENTS OF BUSINESS OPERATIONS					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>Operational activities include all transactions that occurred during the accounting period as part of normal business</p> <p>Given a date determine when a 3 month note is due</p> <p>Subscriptions Receivable is debited when a subscription for common stock is received</p>		
			<p>Define accounting vocabulary related to stockholders' equity.</p> <p>Journalize declaring a dividend.</p> <p>Journalize payment of a dividend.</p> <p>Define accounting vocabulary related to business activities.</p> <p>Identify the three basic types of business activities- operating, investing and financing.</p>	<p>Capital stock</p> <p>Retained earnings</p> <p>Dividends</p> <p>Board of directors</p> <p>Declaring a dividend</p> <p>Business activities</p> <p>Operating activities</p> <p>Investing activities</p> <p>Financing activities</p>	
7.6	Identify not-for-profit and governmental organizations accounting requirements	Identify not-for-profit and governmental organizations accounting requirements	The tax requirement is the major difference between non- profit and profit making organizations		

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7.0 - APPRAISE COMPONENTS OF BUSINESS OPERATIONS

Measurement Criteria		Content	Implementation	Terminology	Testing Item
			Non-Profit organizations have more regulations, expenses must equal donations, and have annual audits		
			Define accounting vocabulary related to not-for-profit businesses. Identify not-for-profit and governmental organizations accounting requirements.	Not-for-profit Tax-exempt	

8.0 – ASSESS THE FINANCIAL PERFORMANCE OF A BUSINESS

Measurement Criteria		Content	Implementation	Terminology	Testing Item
8.1	Analyze the income statement and balance sheet of a business	Analyze the income statement and balance sheet of a business	The process for updating a general ledger at the end of a fiscal period is to adjust entries A sales account represents the total merchandise sold for the recording period An income sheet shows profit or loss and a balance sheet shows net worth		x
			Define accounting vocabulary related to analyzing income statements.	Component percentage Acceptable industry standards	

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8.0 – ASSESS THE FINANCIAL PERFORMANCE OF A BUSINESS					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>Compare component percentages from the income statement to acceptable industry standards.</p> <p>Determine actions to take for unacceptable component percentages</p>		
8.2	Analyze current and long-term assets including their impact on the financial statements	Analyze current and long-term assets including their impact on the financial statements	<p>Slow collection of accounts may indicate customers are not paying their accounts</p> <p>Factors of Long-term financial strength is equity per share, equity ratio and debt ratio</p>	Long-term asset	x
8.3	Analyze current and long-term liabilities including their impact on the financial statements	Analyze current and long-term liabilities including their impact on the financial statements	A company sells is mortgaged building the financial statements will show decreased assets and decreased liabilities		x
8.4	Analyze the statement of cash flow and the effect on healthy performance	Analyze the statement of cash flow and the effect on healthy performance	<p>Read a cash flow statement and determine net cash flow</p> <p>Cash flow can be increased by issuing stock</p> <p>Depreciation affects cash flow</p>		x

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8.0 – ASSESS THE FINANCIAL PERFORMANCE OF A BUSINESS					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>Define accounting vocabulary related to the statement of cash flow.</p> <p>Analyze the statement of cash flow and the effect on healthy performance.</p>	<p>Statement of cash flow</p> <p>Cash inflow</p> <p>Cash outflow</p>	
8.5	Calculate financial ratios (price earnings, quick, liquidity, and merchandise inventory turnover)	Calculate financial ratios (price earnings, quick, liquidity, and merchandise inventory turnover)	<p>Calculate merchandise turnover ratio given a situation</p> <p>Given Inventory Turnover= Cost of goods sold (beginning inventory + End Inventory ÷ 2) solve a situation</p>		x
8.6	Determine the effect of changes in sales volume, unit costs, and unit sales process on net income	Determine the effect of changes in sales volume, unit costs, and unit sales process on net income	<p>Variable and fixed costs influence management decisions</p> <p>Costs are calculated by costs of goods/number of units sold</p> <p>Purchasing from different vendors is one way to improve the cost of merchandise</p> <p>Net income decreases if unit costs rises and sales price stays the same</p>		x

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9.0 - USE ACCOUNTING TECHNOLOGY IN MANAGING FINANCIAL INFORMATION					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
9.1	Use spreadsheet software to organize, calculate, and complete an accounting financial statement	Use spreadsheet software to organize, calculate, and complete an accounting financial statement	<p>A spreadsheet is best for creating a financial statement</p> <p>Merge and Center in Excel is used to center a heading across all columns</p> <p>When a plant asset is sold for more than a book value there is a gain on disposal</p>		x
9.2	Use spreadsheet and/or accounting software to prepare charts and graphs used to analyze the financial condition of a business	Use spreadsheet and/or accounting software to prepare charts and graphs used to analyze the financial condition of a business	<p>A bar graph is best used to show net income for the past 12 months</p> <p>A worksheet is used to prepare financial statements</p> <p>A line graph is best for analyzing fluctuations in sales over time</p>		x
			<p>Define accounting vocabulary related to charts and graphs.</p> <p>Create the appropriate graph to compare assets and liabilities for different months.</p> <p>Analyze the graph to answer key questions.</p> <p>Create the appropriate graph to show the change in net income over</p>	<p>Bar graph</p> <p>Line graph</p> <p>Pie chart</p> <p>Net income</p> <p>Adjusting entry</p> <p>IPO</p>	

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9.0 - USE ACCOUNTING TECHNOLOGY IN MANAGING FINANCIAL INFORMATION					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
			<p>time.</p> <p>Define accounting vocabulary related to uncollectible accounts.</p> <p>Create a line graph to show uncollectible accounts over a five-year period.</p> <p>Define accounting vocabulary related to the price of a stock.</p> <p>Create a high low close graph to show the price of stock over a five-year period.</p>		

10.0 - EXAMINE ETHICAL STANDARDS IN ACCOUNTING					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
10.1	Differentiate between ethical and legal issues	Differentiate between ethical and legal issues		Right over Wrong Ethics	x
			<p>Define accounting vocabulary related to ethics.</p> <p>Differentiate between ethical and legal issues.</p>	<p>Legal Integrity code of conduct</p> <p>Ethical model</p>	

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10.0 - EXAMINE ETHICAL STANDARDS IN ACCOUNTING					
Measurement Criteria		Content	Implementation	Terminology	Testing Item
10.2	Describe social responsibility in accounting	Describe social responsibility in accounting	Examples of social responsibility (donations)	Business Ethics Social Responsibility	x
			Define accounting vocabulary related to ethics. Describe social responsibility in accounting.		
10.3	Explain the importance of high ethical standards in the preparation of financial statements	Explain the importance of high ethical standards in the preparation of financial statements	Annual reports are published for stockholders, creditors, and government agencies		x
			Define accounting vocabulary related to ethical and legal issues. Explain the importance of high ethical standards in the preparation of financial statements.	Ethics Transparent	

Terminology

401k- A qualified plan established by employers to which eligible employees may make salary deferral (salary reduction) contributions on a post-tax and/or pretax basis

941 Form- a tax form that reports number of employees, total earnings and total withholdings for each quarter

A

Acceptable industry standards- standards used for comparison that are published by industry organization

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Account- a record of financial transactions

Account balance- the amount in an account

Account number – the number assigned to an account

Account title-the name given to an account

Accounting cycle – all of the accounting activities involved in recording financial information for the fiscal period

Accounting equation- an equation showing the relationship among assets, liabilities, and owner's equity

Accounting- planning, recording, analyzing, and interpreting financial information

Accounting records- organized summaries of a business's financial activities

Accounting system- a planned process for providing financial information that will be used by management to make decisions

Accounts payable- an amount that is owed to a company for a good or service that was purchased from them on credit.

Accounts payable ledger – a subsidiary ledger containing only vendor accounts

Accounts receivable turnover ratio- a ratio that measures how quickly a company collects its accounts receivables

Accrual basis of accounting-

Accrued interest expense—interest that has been incurred in the current fiscal period but will not be paid until a future date

Accrued interest income – interest that has been earned but not yet received

Accumulated depreciation- an account that records the total amount of depreciation expense for an asset since it was purchased

Adequate disclosure – the concept of when a financial statement contains all the information necessary to understand the financial condition of a business

Adjusting- alter or move (something) slightly in order to achieve the desired fit, appearance, or results

Adjusting entries – journal entries made to update general ledger accounts at the end of the fiscal period

Adjustment- planned on worksheet to bring a general ledger account up to date

Adjustments— debits or credits made to update general ledger accounts at the end of the fiscal period

Allowance method- crediting the estimated value of uncollectible accounts to the contra account, allowing for uncollectible accounts

Asset - anything of value that is owned

Auditor – one who evaluates and improves an organizations operations and internal controls

B

Balance sheet- a financial statement that displays the values of a company's assets, liabilities, and owner's equity at a point in time

Bank statement – a report of deposits, withdrawals, and checking account balances sent by the bank to the account holder on a monthly basis

Bar graph – a graph with rectangular bars used to compare different amounts

Bi-weekly- appearing or taking place every two weeks or twice a week

Blank endorsement – an endorsement that consists of only a signature

Board of directors- people who are elected to manage a corporation

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Book value of a plant asset- the original cost of a plant asset minus the accumulated depreciation for that asset

Book value of accounts receivable- the difference between the balance of accounts receivable and its contra account allowance for uncollectible accounts

Budget– an estimation of income and expenses for a specific period of time

Business activities – the three types of actions that a business takes, including operating, investing and financing activities.

Business ethics – the principle of right or wrong in making decisions in business

C

Calculator tape – source document used for daily sales

Capital account- account that records owner's interest or value in a company

Capital stock- an account that is used to display the investment of all owners

Capital- wealth in the form of money or other assets owned by a person or organization or available or contributed for a particular purpose such as starting a company or investing

Cash basis of accounting -

Cash inflow – cash coming into a business as a result of a business activity

Cash- money available to spend now

Cash outflow – cash going out of a business as a result of a business activity

Cash payments journal – a special journal that is for recording transactions where cash is paid

Cash receipts journal- a journal that is only used for transactions where cash is received

Cash sale- when the sale occurs the total amount of the transaction is received in cash

Certificate of deposit (CD) - a financial product where a customer deposits money with the bank for a specific amount of time for an agreed upon amount of interest

Chart of accounts- a list of the accounts that a business uses

Check – a business form ordering a bank to pay cash from a bank account

Checking account – a bank account where payments are ordered by the account holder

Chronological – arranging events in their order of occurrence in time

Claim– a demand for money under the terms of an insurance policy

Closing entries– journal entries that are made to prepare temporary accounts for the next fiscal period

Closing- the final phase of a transaction, especially the meeting at which procedures are carried out in the execution of a contract for the sale of real estate

Code of conduct – a statement that sets guidelines of ethical behavior for a company and its employees

Commission- an amount of money paid to an employee for selling something

Common stock – a unit of ownership in a company that typically includes voting rights for corporate decisions

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Communicate– to successfully share an idea or thought

Component percentage- percentage relationship between one item on an income statement and a total that includes that number

Consistent reporting- financial information must be reported the same way in each fiscal period

Controlling account – general ledger account whose balance is the total of all of the subsidiary ledger accounts added together

Corporation- an organization with the legal rights of a person and which may be owned by many persons

Correcting Entries- a journal entry that corrects a previously incorrect entry

Cost of goods sold- category of accounts that includes the costs from buying goods that will be sold

Cost of merchandise – the price that a business pays for the goods intended for sale

Cost of merchandise sold- the original price for all the merchandise that is sold during a fiscal period

Credit – amount recorded on the right side

Credit card sale- when the sale occurs the total amount of the transaction is paid with a credit card

Credit memorandum– a source document prepared to show the amount of return or allowance

Creditor- the person or business who is loaning the money

Current assets- assets that are expected to exchange for cash or used within one year

Current liabilities- liabilities that are due in less than a year

Current ratio– ratio that shows relationship between current assets and current liabilities

D

Debit – amount recorded on the left side

Debit card – a bank card that automatically withdraws money from a checking account

Debit equipment- An accounting entry that results in either an increase in assets or a decrease in liabilities on a company's balance sheet or in your bank account. A debit on an accounting entry will have opposite effects on the balance depending on whether it is done to assets or liabilities, with a debit to assets indicating an increase and vice versa for liabilities

Declaring a dividend- action taken to distribute corporate earnings to stockholders'

Declining balance method of depreciation- multiplying the book value times a percentage at the end of each fiscal period to find the amount of depreciation

Deductible– an amount that has to be paid by the owner of a policy before the insurance company will pay their claim

Departmental accounting system - A departmental accounting system is an accounting information system that records the activities and financial information about the department

Depreciation - decrease in value due to wear and tear, decay, decline in price, etc.

Depreciation expense- part of an asset's value transferred to an expense account as the value of that asset decreases

Differentiate– taking action to highlight a difference from the competition

Dishonored check – a check that the bank refuses to pay

Dividends – when part of the company's earnings are paid out to stockholders on an annual or quarterly basis

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Double-entry accounting – the recording of debit and credit parts of a transaction.

Drawings-

E

Earnings per share- the net income after federal income tax divided by the number of shares

Electronic Federal Tax Payment System - s available 24 hours a day, 7 days a week, and can be used by individuals paying personal income taxes or by corporations

Electronic funds transfer – a computerized transfer of money from one account to another

Employee earnings record- a form that is used to record payroll payments made to a single employee

Endorsement – a signature or stamp that is put on the back of a check to transfer ownership

Entry – information for each transaction recorded in a journal

Equities – financial rights to the assets of a business

Estimated salvage value- the amount that a business expects to get when they sell a plant asset

Estimated useful life- the number of years a plant asset is expected to be used

Ethical model – a set of questions to be asked of a situation to determine if it is ethical

Ethics – a set of moral principles followed by a group of people

Expense- a decrease in owner's equity resulting from the operation of a business

F

FASB (Financial Accounting Standards Board) - a private, non-profit organization whose primary purpose is to establish and improve generally accepted accounting principles (GAAP) within the United States in the public's interest

Federal income tax- a progressive tax that is taken from an employee's income

Federal unemployment tax- a federal tax that is used for administrative expenses of the unemployment program

FICA– taxes that are paid for Social Security and Medicare

FIFO (First in First out) inventory costing method- method of calculating cost of inventory by assuming the oldest inventory is sold first

File maintenance – the procedure for arranging accounts in a general ledger, assigning account numbers, and keeping records current

Financial ratio- a comparison between two financial items

Financial statements- financial reports that summarize the financial conditions and operations of a business

Financing activities – business activities that are related to borrowing or lending money

Fiscal Period- the length of time for which a business summarizes and reports financial information

Fiscal- relating to financial matters

FOB destination - freight prepaid and allowed. The seller pays and bears the freight charges and owns the goods while they are in transit. Title passes at the buyer's location

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G

GAAP (Generally Accepted Accounting Principles) - set of standards and regulations for accounting

Gain on plant assets- income received from selling a plant asset for more than book value

General amount column – a journal amount column that is not headed with an account title

General ledger – a ledger that contains all accounts needed to prepare financial statements

Going Concern- A going concern is a business that functions without the threat of liquidation for the foreseeable future, usually regarded as at least within 12 months

Gross profit method of estimating inventory- estimating the cost of inventory using the previous year's gross profit on operations

Gross profit on sales- the revenue that is remaining after the cost of merchandise sold is subtracted

H

Historical Cost- assets values are recorded at purchase price rather than market price

I

Income statement- a financial statement that has information about revenue and expenses for a fiscal period

Integrity – the quality of having strong ethical standards

Interest- an amount paid for the use of money

Interest income- interest earned on money loaned

Interest rate- a percentage of the principle that is paid for the use of money

Internal Revenue Service (IRS) – a government agency that is part of the Department of the Treasury. It is in charge of collecting taxes.

Inventory – the record that contains the name of a piece of merchandise, its stock number, description, units on hand, unit price and total cost

Inventory turnover ratio- ratio that measures how long merchandise is kept in inventory before it is sold

Investing activities – business activities that include spending money on investments

Invoice – a form describing the goods or services sold, the quantity, and the price

IPO– when a private company first sells shares of stock to the public

J

Journal - a form for recording transactions in chronological order

Journalizing- recording information from financial transactions into the journal

L

Ledger – a group of accounts

Legal – something that is permitted by the law

Liabilities – an amount owed by a business

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LIFO (Last in First out) inventory costing method- method of calculating cost of inventory by assuming the newest inventory is sold first

Line graph – a graph with a line or multiple lines representing a change in an amount over time

Liquid- consisting of or capable of ready conversion into cash - *liquid* assets: capable of covering current liabilities quickly with current assets

Price – the price for which a good is listed

Long-term asset- The value of a company's property, equipment and other capital assets, minus depreciation

Loss on plant assets- loss that occurs from selling a plant asset for less than book value

M

Manufacturing business – a business that earns money by making and selling goods

Markup – the difference between the selling price and the cost of merchandise

Matching Expenses with Revenue – accounting concept that expenses should be recorded in the same fiscal

Matching Principle -

Maturity date- the date on which the note will be repaid

Maturity value- the amount due on the maturity date of the loan

Medicare- U.S. government program of hospitalization insurance and voluntary medical insurance for persons aged 65 and over and for certain disabled persons under 65

Medicare Tax- a federal tax that is used to pay hospital insurance

Memorandum – a form which a brief message is written describing a transaction

Merchandise – goods that are bought with the intent to sell for profit

Merchandise inventory- asset account that records goods that are on hand that are going to be sold to customers

Merchandising business – a business that earns money by selling goods that they have bought

N

Net earnings - net income (net earnings, net profit, and informally, bottom line) is an entity's income minus cost of goods sold, expenses and taxes for an accounting period

Net income – the difference between total revenue and total expenses when revenue is greater

Net Pay- the amount one receives after taxes and deductions have been withheld during a pay period.

Net pay- the total earnings that is paid to an employee after the payroll taxes and other deductions have been taken out

Net sales- total sales minus sales discount and sales returns and allowances

Normal balance – the type of balance that is expected of an account

Note receivable – a promise from a credit customer to a business to pay a certain amount of money in a specific time: promissory notes that businesses accept from a customer

Notes payable- a liability account with a credit balance for the amount owed for notes

Not-for-profit – a business that doesn't distribute its profits to owners but instead it keeps its profits to work towards its goals

O

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Opening an account – writing an account title and number on the heading of an account

Operating activities – business activities that are required in the daily operations of a business

Original cost- amount that was paid for the asset

Owner's capital - Owners' equity is the total assets of an entity, minus its total liabilities. This represents the capital theoretically available for distribution to shareholders. In the balance sheet of a sole proprietorship, owners' equity refers to the sum total of the following transactions:

Owner's equity – the amount remaining after the value of all liabilities is subtracted from the value of all assets

Owner's withdrawal – an account decreases capital and represents the amount of cash an owner takes from the business for personal use

P

Packing slip – a document used to verify items and quantities when receiving shipped merchandise

Paid-in capital – capital that is contributed to a corporation from the purchase of stock

Par value- monetary value assigned to a stock and printed on the stock certificate

Partnership- a business in which two or more persons combine their assets and skills

Pay period- the period of time that is covered by a salary payment

Payee- the person or business to whom the note is made payable

Payroll register- the form that is used to record payroll information

Payroll taxes- taxes that are based on a business's payroll

Payroll- the total amount that is paid to all employees during a pay period period as the revenue they helped generate

Permanent accounts – accounts used to continue to gather information from one period to the next

Petty cash- cash that is kept by the business for making small purchases

Petty cash slip- paper that keeps record of a payment from the petty cash

Pie chart – a circular chart that is used for showing values as part of a total amount

Plant asset record- a separate record for each plant asset recording the depreciation and book value

Plant assets- assets that will be used for operations of a business for more than one year

Point of sale terminal – a cash register that is used to collect and report sales information

Policy– an insurance contract listing the terms

Post-closing trial balance – a trial balance prepared after the closing entries have been posted to the general ledger

Postdated check – a check that has a future date on it

Posting- transferring information from the journal to the ledger

Preferred stock – a unit of ownership in a company that doesn't include voting rights

Premium– the cost of the insurance policy

Prepaid insurance- insurance that has been paid for but not yet used

Price to earnings ratio- the comparison between market value and the earnings per share of stock

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Principle- the amount of a loan

Production Unit method - A depreciation procedure used for property that is not in continuous use. The unit of production method is useful when the property's value is more closely related to the number of units it produces than the number of years it is in use.

Promissory note- a written document that is signed promising to pay a specific amount of money

Purchase invoice – source document for recording purchases on account

Purchases discount – a deduction of the amount owed on an invoice to encourage prompt payment

Purchases journal – a special journal used only for purchases of merchandise on account

R

Receipt – a business form giving written acknowledgement for cash received

Recording-

Restrictive endorsement – an endorsement that restricts further transfer of a check

Retained earnings - retained earnings (sometimes plowback) refers to the portion of net income of a corporation that is retained by the corporation (plowed back) rather than distributed to shareholders as dividends (paid out).

Retained earnings- earnings of a corporation that are not distributed to stockholders'

Retention– for a business to continue to maintain their clientele

Revenue- an increase in owner's equity resulting from the operation of a business

Revenue realization- revenue should only be recorded when it is realized

Reversing entries– a journal entry made at the beginning of a fiscal period to reverse an adjusting entry from the previous period

Right over Wrong-

S

Salary- the money that is paid for an employee's services

Sale on account – a sale for which cash will be received at a later date

Sales allowance- credit given to a customer on merchandise that was sold but not returned

Sales discount – a cash discount taken by a customer to promote prompt payment

Sales invoice – an invoice used as a source documents for recording a sale on account

Sales journal- a journal that is only used for sales made on account

Sales return- when a customer returns merchandise for cash or a credit on account

Schedule of accounts payable- a list of vendor accounts and balances

Schedule of accounts receivable- a list of customer accounts and balances

Service business – a business that earns money by performing a task, such as fixing something

Social Responsibility- an ethical framework which suggests that an entity, be it an organization or individual, has an obligation to act for the benefit of society at large. Social responsibility is a duty every individual has to perform so as to maintain a balance between the economy and the ecosystems

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Social Security tax- a federal tax that is used for old-age, survivors, and disability insurance

Sole-proprietorship- a business owned by one person

Source document- a business paper from which information is obtained for a journal entry

Special amount column – a journal amount column headed with an account title

Special endorsement – an endorsement that transfers ownership of the check to a different person

Special journal – a journal that is used for one type of transaction

Stakeholders- any person or group who share an interest in a business

State unemployment tax– a tax that employers are required to pay that is used for state unemployment insurance benefits

Statement of cash flow – a financial statement displaying how operating, financing and investing activities affect cash coming into and going out of a business

Statement of stockholders' equity- a financial statement that displays changes in stockholders' equity during the fiscal period

Straight-line method of depreciation- calculating an equal amount of depreciation expense for each year of the useful life of a plant asset

Subsidiary – a company controlled by a holding company

Subsidiary ledger – a ledger that is summarized in a single general ledger account

Supplies- materials used in a business that generally are not sold

T

T-account – a device that we use to analyze transactions

Tax deductible- earnings that are not subject to taxes

Tax-exempt – a business or person who is not required to pay a certain tax

Temporary accounts – accounts that are transferred to the owner's capital account at the end of the fiscal period

Terminal summary- a source document that is used to record sales in the journal

Total earnings- the total pay that is due to a person before deductions are made

Trade discount – a reduction from the list price given to a customer

Trail Balance - a statement of all debits and credits in a double-entry account book, with any disagreement indicating an error

Transaction – a business activity that changes assets, liabilities, or owner's equity

Transparent – a company discloses all the information needed by investors for them to make decisions

Trial balance- a proof that debits equal credits in general ledger

U

Uncollectable accounts - Loans, receivables or other debts that have virtually no chance of being paid. An account may become uncollectible for many reasons, including the debtor's bankruptcy, an inability to find the debtor, lack of proper documentation, etc.

Uncollectible accounts- accounts receivable that are not able to be collected

V

Vendor – the business from which merchandise is bought

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W

W-2 Form- a tax form that reports wages paid to employees and taxes withheld

W-3 Form- a tax form that reports the previous year's earnings and taxes withheld from all employees

W-4 – a tax form used to calculate the amount of withholding allowances a person has

Weighted average inventory costing method- method of calculating cost of inventory by using an average price of inventory bought

Withdrawals – assets taken out of a business for the owner's personal use

Withholding allowance– a tax allowance that is used to calculate income tax taken out of a paycheck

Work sheet- an accounting form with columns that is used to summarize the general ledger

Working capital– the amount of total current assets minus total current liabilities

Workman's compensation- a form of insurance providing wage replacement and medical benefits to employees injured in the course of employment in exchange for mandatory relinquishment of the employee's right to sue his or her employer for the tort of negligence.

Worksheet- a form where financial information is recorded and is used to prepare financial statements

Writing off an account- zeroing out the balance of a customer account because that customer isn't going to pay